

Program Income from Sale of NSP Acquired Property

Instructions for Grantees and Sub-Grantees

Activity Definition - Acquisition – Rehabilitation – Sale

Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties¹

Activity Definition – Land Bank

Establish land banks for homes *and residential properties*² that have been foreclosed upon³

Property Sold for use as Primary Residence

Net proceeds from the sale of NSP acquired property are Program Income. Grantees and Sub-Grantees will report and document program income following these instructions.

Note: The price of NSP property sold to an owner occupant must be no more than “an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition.”⁴

Other Property Sales

Net proceeds from the sale of NSP acquired property are Program Income. Grantees and Sub-Grantees will report and document program income following these instructions.

Examples:

Sale of NSP acquired property that had been operated as rental housing

Sale of NSP acquired property held in a Land Bank.

¹ NSP Section 2301(c)(3)(B)

² Added by ARRA

³ NSP Section 2301(c)(3)(C)

⁴ NSP Section 2301(d)(3)

The limitation on sales price for housing used as a primary residence noted above does not apply to these transactions [housing unit not be used by the purchaser as a primary residence].

Subsequent Sale by Initial Purchaser

The following applies to sale of NSP financed property by the initial purchaser to an unrelated entity. If the sale is to a related entity, e.g. subsidiary or single asset entity controlled by the original entity, all program income provisions continue in full force and effect.

Sale of housing used as a primary residence – Applicable Recapture/Resale provisions apply; otherwise, proceeds are not Program Income.

Other Sales - The seller will be bound by the terms of the applicable provisions of the use covenants and other terms specified at the time of the initial sale by the Grantee or Sub-Grantee.

Timely Notification

Notify CDOH of scheduled closing on the sale of property acquired with NSP funds at least 30 working days in advance of the scheduled closing date.

Provide Notice of changes in the closing date as soon as practicable.

Calculation of Program Income

Use the Sales Proceeds Distribution worksheet to identify Program Income due to CDOH from the property sold.

Enter grant information

Complete Section 1.

Provide the worksheet to the closing agent.

Closing agent completes Section 2.

Remittance of Program Income

Within 3 days of closing remit the Program Income and the completed worksheet to:

Manager of Budget and Finance
Colorado Division of Housing
1313 Sherman Street, Room 518
Denver, CO 80203